Message Text

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INFO OCT-01 ISO-00 OIC-02 AF-10 ARA-14 EA-12 EUR-12 NEA-10 DEAE-00 CIAE-00 INR-10 JUSE-00 NSAE-00 CTME-00 SNM-05 TRSE-00 USIA-15 NSC-05 OES-07 OMB-01 AID-05 IGA-02 HEW-06 L-03 AGRE-00 /134 W -------002156 231814Z /41

R 231616Z FEB 78 FM USMISSION GENEVA TO SECSTATE WASHDC 6343

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E.O. 11652:N/A TAGS: SNAR, UN

SUBJECT: FIFTH SPECIAL SESSION, COMMISSION ON NARCOTIC DRUGS: ITEM 7 - SUPPLY OF AND DEMAND FOR NARCOTIC RAW MATERIALS

- 1. SUMMARY: CND AGREES WITH INCB THAT THERE EXISTS AN OVERSUPPLY OF NARCOTIC RAW MATERIALS, ESPECIALLY POPPY STRAW. CONSENSUS IS THAT CONSUMER AND MANUFACTURING GOVERNMENTS SHOULD VOLUNTARILY SUPPLY INCB INFORMATION ON THEIR REQUIREMENTS. THIS INFORMATION MUST BE PROVIDED TO PRODUCING COUNTRIES TO ASSIST IN FORMULATING THEIR PRODUCTION PLANS. PRODUCERS WILL THEN HAVE TO ARRANGE AMONG THEMSELVES THE AMOUNTS TO BE GROWN. PAPAVER BRACTEATUM GROWTH AND SALES OF SEIZED OPIUM SHOULD BE DISCOURAGED. RESOLUTIONS SUPPORTING THESE POSITIONS WILL BE VOTED ON LATER IN SESSION.
- 2. THERE WERE 16 INTERVENTIONS ON THIS ITEM, INCLUDING ALL THE GOVERNMENTS MOST CONCERNED WITH THE QUESTION. SINCE THERE WILL BE SUMMARY RECORDS AVAILABLE, CABLE WILL ONLY ADDRESS MOST IMPORTANT POINTS.
- 3. FALCO STATEMENT SUPPORTS BOARD'S CONCLUSION THAT THERE LINCLASSIFIED

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IS NOW OVER-PRODUCTION OF NARCOTICS RAW MATERIALS FOR MANUFACTURE OF OPIATES FOR MEDICAL REQUIREMENTS. IT MENTIONS USG'S TAKING INTO ACCOUNT CND'S POSITION AGAINST PAPAVER BRACTEATUM GROWTH AND OUR DECISION NOT TO PERMIT IT FOR COMMERCIAL PURPOSES, SINCE IT WOULD ADD TO THE ALREADY EXISTING SITUATION OF OVER-SUPPLY. SUPPORTS CONCEPT THAT PRESENTLY PRODUCING COUNTRIES SHOULD PRACTICE

SELF-RESTRAINT AND CAREFULLY PLAN PRODUCTION TO ENSURE BALANCE OF SUPPLY AND DEMAND. NO NEW PRODUCTION SHOULD OCCUR, EITHER FOR THE DOMESTIC OR INTERNATIONAL MARKET. US LAW ONLY PERMITS IMPORT OF OPIUM (ALTHOUGH WAIVER HAS BEEN GRANTED FOR POPPY CONCENTRATE) AND WE FORESEE NO EX-CEPTIONAL CIRCUMSTANCES WHICH WOULD CHANGE THIS PRACTICE. ASKS GOVERNMENTS OF CONSUMER, MANUFACTURER AND PRODUCER COUNTRIES TO PROVIDE BOARD MORE DETAILED INFORMATION ON THEIR NEEDS AND PLANS. CONSUMERS AND MANUFACTURERS SHOULD SUPPLY BOARD ESTIMATES OF THEIR REQUIREMENTS BY THE END OF THE SUMMER IN ORDER THAT PRELIMINARY PROJECTIONS ON CON-SUMPTION COULD REACH PRODUCERS BEFORE THEY ESTABLISH PRO-DUCTION LEVELS FOR THE NEXT CROP YEAR. USG AND BOARD AGREE THAT NARCOTIC RAW MATERIAL PRODUCERS, CONSUMERS AND MANU-FACTURERS SHOULD MEET UNDER BOARD'S AUSPICES TO EXCHANGE INFORMATION AND DISCUSS INFORMALLY HOW MEDICAL REQUIRE-MENTS MIGHT BEST BE MET.

4. CONSENSUS OF CND WAS THAT THERE WAS OVER-SUPPLY, THAT IT WOULD PROBABLY GET WORSE UNLESS STEPS WERE TAKEN SOON, THAT CONSUMERS AND MANUFACTURERS SHOULD PROMPTLY FORWARD THE BOARD ESTIMATES OF THEIR REQUIREMENTS, THAT PRODUCERS SHOULD CONTINUE VOLUNTARILY PROVIDING STATISTICS ON EXTENT OF POPPY STRAW PRODUCTION, THAT PRODUCERS SHOULD TAKE INTO ACCOUNT THE INFORMATION RECEIVED THROUGH THE BOARD WHEN ESTABLISHING PRODUCTION LEVELS AND THAT THE BOARD SHOULD CONVENE AN INFORMAL MEETING OF ALL CONCERNED PARTIES TO UNCLASSIFIED

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PLAN MEANS OF STRIKING A BALANCE BETWEEN SUPPLY AND DEMAND. US, FRG, UK, CANADA, TURKEY AND INDIA DRAFTED RESOLUTION ACCEPTING IN PRINCIPLE THE ABOVE CONSENSUS. IT WILL BE VOTED ON LATER IN SESSION.

- 5. SEIZED OPIUM AND NEW ALKALOID FACTORIES. TURKEY, SUPPORTED BY CANADA, INDIA AND UK, OPPOSE PURCHASE SEIZED OPIUM AS CONTRIBUTING TO OVER-SUPPLY AND INDIRECTLY ENCOURAGING ILLICIT PRODUCTION. US AND OTHERS INTRODUCED RESOLUTION TO THIS EFFECT WHICH WILL BE VOTED ON LATER. TURKEY STATES THAT ITS ALKALOIDS FACTORY WILL BE READY WITHIN THE YEAR AND COMPLAINS OF EUROPEAN GOVERNMENT'S SUPPORT FOR CONSTRUCTING OF ALKALOIDS FACTORIES NEAR PRODUCTION AREAS.
- 6. PAPAVER BRACTEATUM. CND CONSENSUS IS THAT THERE SHOULD BE NO PRODUCTION OF PAPAVER BRACTEATUM FOR COMMERCIAL PURPOSES. CANADA AND FRG CALLED FOR A HALT IN RESEARCH ON THIS PLANT, AT LEAST UNTIL IT IS PLACED UNDER INTERNATIONAL CONTROL. UK, CANADA, FRG, AND TURKEY HIGHLY PRAISE OUR DECISION NOT TO PERMIT CULTIVATION, WITH LATTER TWO MENTIONING FALCO SPECIFICALLY.
- 7. INTERNATIONAL CONTROLS OVER POPPY STRAW AND PAPAVER BRACTEATUM. CONSENSUS SEEMED TO FAVOR PROMPT IMPOSITION

OF INTERNATIONAL CONTROLS OVER THESE TWO SUBSTANCES BY PLACING THEM IN THE SCHEDULES OF THE 1961 CONVENTION. HOWEVER NO GOVERNMENT INDICATED THAT IT WOULD TAKE THE NECESSARY PROCEDURAL STEP OF INFORMING SYG UNDER ARTICLE 3 OF THE CONVENTION.

8. PRODUCTION PLANS. TURKEY STATED THAT IT WISHED TO PRODUCE 20000 TONS OF POPPY STRAW PER YEAR WITH LARGE MARJORITY TO BE USED WHEN ALKALOID FACTORY IS FINISHED, AND THE REST EXPORTED. ALTHOUGH 1977 CROP EQUALLED 36000 TONS, THE THREE YEAR AVERAGE WAS 18000 TONS. THEY EXPECT BETWEEN

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5000 TO 30000 TONS IN 1978. AUSTRALIA EXPECTS TO CULTIVATE 7000 HECTARES PER YEAR UNTIL 1980 WITH ESTIMATED YIELD OF MORPHINE 28 TONS PER YEAR. PRESENT PRODUCTION LEVELS WILL BE MAINTAINED AND MAY BE REDUCED. FRANCE DID NOT MENTION SIZE OF ITS PRODUCTION.

9. COMMENT: CND APPEARS TO AGREE WITH BOARD, US, CANADA, AND OTHERS REGARDING NEED FOR MORE INFORMATION AND MULTI-LATERAL CONSULTATIONS RE NARCOTIC RAW MATERIAL CONSUMPTION AND PRODUCTION. WE MUST ENSURE THAT BOARD REACTS PROMPTLY IN PERFORMING THE TASKS ASSIGNED IT. THERE IS NO DOUBT THAT US DECISION TO PROHIBIT PAPAVER BRACTEATUM CULTI-VATION WAS KEY TO OUR BEING ABLE TO ARGUE FOR REDUCTION IN PRODUCTION LEVELS. VANDEN HEUVEL

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